2010

"WHAT GETS MEASURED GETS DONE"

Performance Management in California State Government

An Advisory Report from the Performance Management Council

September 30, 2010

THIS PAGE INTENTIONALLY LEFT BLANK

EXECUTIVE SUMMARY

California state government faces a changing political and economic environment marked by reduced resources, competing priorities and an increased public demand for accountability – an environment in which state government must perform its collective mission more efficiently and effectively. Incorporating performance management strategies into state government provides a strong framework for achieving organizational goals by aligning management and budget decisions with program performance.

Performance management, briefly, is the idea of setting a strategic direction, identifying measurable goals, tracking the results and making course corrections to better achieve the goals.

The Performance Management Council (Council) is a self-chartered group of government leaders and academic specialists who meet regularly to share best practices and otherwise support a performance management culture in California state government. In addition to sharing case studies, where the Council found encouraging start-up performance management initiatives, the Council conducted a survey on the current use of performance management by California state agencies. Based on these efforts, the Council in this advisory report offers lessons learned, including the following:

➢ Performance management can improve the way state government does business and can help achieve better results for Californians.

➢ Performance management has been tried in California state government several times in the past, but building a performance management culture remains an idea that is only partially fulfilled.

➢ Several state agencies are successfully using performance data to improve problem solving and decision making.

The Council encourages the state to expand the use of performance management into all levels of government, and support an environment of increased accountability and transparency.

This advisory report provides a 2010 snapshot of California's efforts to incorporate performance management strategies into state operations, and discusses the ongoing importance and benefits of adopting a performance management culture throughout state government.

INTRODUCTION

The Performance Management Council prepared this advisory report to raise awareness and promote a performance management culture in state government. The purpose of this report is to:

➢ Provide a 2010 update on the use of performance management within state government.

➢ Identify challenges and obstacles in developing, maintaining and using performance management programs and processes.

➢ Identify actions and strategies to bolster performance management efforts throughout state government.

➢ Showcase successful strategies and share lessons learned.

WHAT IS THE PERFORMANCE MANAGEMENT COUNCIL?

The Performance Management Council is a self-chartered group of government leaders and academic specialists representing approximately 25 state government departments and agencies. The Little Hoover Commission initially convened this group in August 2008 to support efforts to infuse and sustain a performance management culture throughout state government. The number of members increased as other state leaders became aware of the group's focus. Based on the continued interest in performance accountability, the group developed a charter in August 2009 to formalize the information collected and to establish a network for sharing ideas and strategies.

According to its charter, the Council was created to:

- Provide leadership and direction in support of efforts to infuse and sustain a performance management culture throughout state government.

- Involve state government leaders and employees in conversations about the use of performance management within state government.

- Share best practices and provide support for burgeoning performance management efforts.

- Shape the environment in state government to help implement reform.

Underlying the Council's work are the beliefs that 1) incorporating performance metrics into government is a means of increasing governmental transparency and accountability to the public, and 2) performance management is essential for guiding policy and operational decisions to improve the outcomes of state government.

WHAT IS PERFORMANCE MANAGEMENT?

Performance management refers to the critically interconnected management processes that work together to enable an organization to achieve results.

Performance management includes key practices to ensure organizations set priorities and operational plans, establish targets and relevant metrics, and create mechanisms to analyze, evaluate and report progress at regular intervals. It also includes activities to make necessary adjustments and improvements to ensure that the organization remains pointed in a direction to achieve its results in the most effective and efficient manner.

Performance management can be broken down into the following six key elements:

Strategic Planning: In annual or semi-annual exercises, an organization sets its overall vision and direction and identifies strategies to achieve long-term results.

Operational Integration: Tying daily work processes to an organization's strategic plan to help it stage its efforts to maximize success. This practice includes evaluating an organization's strengths and constraints, key processes and available resources to ensure the organization is best positioned to execute the activities necessary to deliver its desired results.

Performance Measures: Performance measures are tied directly to strategic planning and operational integration activities. The practice of identifying and building performance measures enables an organization to gauge its progress towards its desired results, and highlight areas that need attention or can be leveraged to maximize results.

Figure 1 - Performance Management Cycle

Performance Management In California State Government

Performance measures by themselves do nothing. It is how you manage those measures and put them into action that makes the difference.

Progress Evaluation: This practice consists of reviews, at predefined intervals, to consider new and emerging issues or opportunities, and consider changes, adjustments and priorities to an organization's overall plan. Progress evaluation provides an opportunity to reflect on and discover vital course adjustments and corrections to ensure that an organization does not drift away from its desired results.

Reporting: This practice involves sharing information on an organization's progress in achieving its results. It can help build and maintain confidence of the organization's stakeholders.

Analysis and Continuous Improvement: An organization regularly analyzes its progress in achieving its results and makes adjustments and course corrections as needed.

These key practices are interdependent activities that, when used in concert, yield powerful results.

HISTORICAL PERSPECTIVE:
HAVEN'T WE TRIED THIS BEFORE?

Yes. The idea of setting a strategic direction, identifying measurable goals, tracking the results and making course corrections is not a new concept in California state government.

Performance management concepts have been tested by successive administrations in California state government for decades, from Governor Reagan's Program Measures Team to Governor Wilson's Performance-Based Budgeting Pilot, to Governor Davis' Office of Innovation and most recently to Governor Schwarzenegger's California Performance Review.

In its meetings, the Council discussed the strengths, weaknesses and lessons learned from the state's past performance management efforts. None of the attempts thus far have succeeded in creating long-term linkages between planning efforts and results. Building a performance management culture in California government remains a goal that is only partially fulfilled. A more detailed summary of the December 2, 2009, Council discussion on this topic can be found at www.bestpractices.ca.gov.

> *"In California, there have been several attempts to implement performance measurement and management programs. Most attempts have ultimately been canceled or scaled back. …What we have today are initiatives that are pretty much driven by the agencies and departments that have taken it on. There is no concerted effort at performance measurement."*
>
> Assemblymember Hector De La Torre, Chair, Assembly Committee on Accountability and Administrative Review. February 24, 2010, informational hearing, "Performance Measurement in State Agencies: Lessons Learned."

WHAT IS HAPPENING IN CALIFORNIA NOW?

The Performance Management Council has been meeting regularly since 2008 to showcase departmental efforts to implement performance management strategies. The Council also surveyed state organizations to better understand the state of the state's performance management efforts. The Council has found, through its best practices presentations and survey on performance management, that a performance culture is growing in state government and has potential to thrive.

2010 PERFORMANCE MANAGEMENT SURVEY

The Council conducted a survey in March and April 2010 to identify if and how state organizations use strategic planning and performance measurement, and to understand what challenges they face in creating a culture supportive of performance management. In developing the survey, the Council consulted with academic and performance management experts and reviewed past surveys on this topic administered by the U.S. Government Accountability Office and the California Performance Review.

The Council contacted 150 state organizations, including agencies, departments, boards and commissions. More than 70 organizations, including many large departments, responded to the 28-question survey. The following analysis reflects the experiences of those organizations that responded to the survey and is helpful for identifying emerging trends in the use of performance management tools.

The analysis of the survey responses identified the following:

1. Some departments are using strategic planning to develop a performance culture.

    - Most departments surveyed are developing or using strategic plans. Strategic plans are being used to 1) set program priorities; 2) identify problems and adopt new program approaches and corrective actions; and 3) allocate resources.

    - More than half of the responding departments are linking measurable performance goals to those plans.

    - Strategic planning efforts are driven by department executives, managers and supervisors and are

focused on internal management of the organization.

- Strategic planning efforts often are not coordinated with those outside of the organization, for example with the Legislature, the Governor's Office, the Department of Finance or the public.

2. Performance measures are being used, but are not optimized.

- Most departments report that they have a performance measurement process. Each manages its own performance measurement process at the program level. Some departments reported measuring at the enterprise-level.

- Many track basic output indicators (i.e., what is produced), but few track outcomes (i.e., the results of the outputs), or other indicators (i.e., efficiency, cost-benefit, customer service). Output information alone does not always result in information that can help higher level managers and policy-makers make more informed decisions.

- Departments use performance measures, but there remains a need for developing a higher level of sophistication in their use, and in

developing standard terms and definitions across departments.

- Performance information is rarely reported above the agency level. The departments surveyed do not perceive an external demand for performance data. However, one-third of survey respondents believed that the Governor's Office and the Legislature considered their department's performance information when making decisions.

3. Departments face challenges in the implementation and growth of performance management. It is not always a department priority and is not usually emphasized during periods of budget reductions. Departments cite some of the following challenges:

- Lack of staff knowledgeable about gathering and analyzing performance information.

2010 Survey Comments

❖ *"We're slowly achieving the most difficult aspect of the program which is changing the culture; however, considerable technology-resource needs will have to be satisfied to maintain the momentum."*

❖ *"The most important resources needed are skilled/knowledgeable staff, quality tool sets and an executive staff that is truly committed to performance management and the necessary transparency required to improve the organization."*

- Difficulty determining meaningful measures.

- Difficulty obtaining valid, reliable and timely data.

- Limited availability of resources for performance management.

4. Survey respondents indicated a need for IT funding to leverage information gathering efforts. Nearly one-third of performance data is still gathered manually. Half of departments that collect data manually have no plans to automate the information. Yet, many departments are not capitalizing on existing technology and talent. Of those departments that have automated performance information, many did so using only existing resources.

> ### 2010 Survey Comments
>
> ❖ *"Over the years, our organization has had many starts and stops regarding the development of valid outcome measures. In order for us to succeed, we must have the support of the highest leaders in state government. Leaders must work together to support performance-based programs and utilize the information as a way to improve their organizations and the programs they are responsible for."*
>
> ❖ *"Who is reviewing all agency/department strategic plans?"*

CASE STUDIES

In addition to the survey, the Council hosted a series of presentations that showcased best practices and lessons learned from organization-wide performance efforts. These presentations and informative discussions allowed practitioners within different departments and agencies to share knowledge about the use of performance management in the state's current environment.

Seven case studies highlighting current performance management initiatives in departments and agencies are included as attachments to this advisory report. Although at this point it remains difficult to quantify actual dollar savings or specific program outcomes from these activities, several promising themes have emerged.

In general, the case studies show that departments are:

- Creating mechanisms to review and respond to performance data.

- Using real-time data to improve problem solving and decision-making.

- Encouraging competitiveness among subdivisions, such as regional districts, field offices and facilities, to improve performance.

- Experiencing an increase in employee engagement and commitment to align work processes with department values

and strategic goals, improving morale and efficiency.

- Increasing transparency and accountability by posting performance data online and strengthening ties to external stakeholders.

- Changing the way they manage key employees by using "performance contracts" with managers that are tied to program outcomes.

Through the seven case studies, the Council learned how departments created individualized performance strategies that may aid other organizations. For example:

- The Department of Toxic Substances Control assembled an external review panel of stakeholders and other experts to review performance information and provide feedback to the department.

- The California Department of Corrections and Rehabilitation created performance reports for each correctional facility. These are reviewed on site by wardens and managers and are used to drive questions about performance and inform management decisions.

- The Department of Consumer Affairs developed its performance strategy with a group of 20 employees from various boards, bureaus and programs, which included experts in enforcement,

licensing and the department's information system.

- Department of Transportation (Caltrans) produces a quarterly performance report and posts all performance materials online.

- The Franchise Tax Board used an innovative form of customer-centric business modeling to isolate how each of its key processes responded to the needs of the customer, as well as how they contribute to the overall desired results of the department. Using this model, staff throughout the department were brought together to develop relevant measures for the enterprise and its key processes.

- The Business, Transportation and Housing Agency established a Performance Improvement Council composed of department representatives to assist in the implementation of agency-wide performance improvement efforts.

- The State Water Resources Control Board & Regional Water Quality Control Boards dedicated a significant effort to developing and improving the information systems and databases needed to track data and information.

The attached case studies include more detailed examples of departments' efforts as well as contact information.

WHAT HAVE WE LEARNED?

Through the survey, case study presentations, discussions and research, the Council learned that:

- Departments and agencies are tracking program activities in isolated pockets, and with varying degrees of intensity.

- Many efforts remain in start-up mode and have not been incorporated fully into department operations and management culture. This progress is made more vulnerable by administrative turnover and budget reductions.

From these past and current experiences, the Council has identified the following key lessons for policy-makers and department managers to consider when building a performance management system:

- Leadership and executive buy-in are essential to start performance efforts. However, not all organizations embrace and champion performance management. Strong continued support is critical to building a culture to sustain performance management in the long term.

- When a department introduces performance measurement into its organization, it should focus on a few critical measures rather than on many. This will allow the organization to grow in its knowledge of performance measurement and develop core competencies in this area.

- Performance measures should be used to explain and provide information to inform decision-makers. When measures indicate a program weakness, the information should be used to improve the system.

- Departments will benefit by engaging employees at all levels in discussions about performance measurement to overcome the fear that they will be exposed to personal scrutiny.

- Collaboration among agency and department leaders, the Legislature, the Department of Finance and other control agencies is important for understanding how departments can use performance management tools to deliver intended results and be held accountable for those results.

- There is no overarching framework guiding implementation of performance management into departments. For example, there is no common terminology, and there are a variety of strategies for achieving accountability through performance management.

CONDITIONS FOR CHANGE:
WHY IS NOW THE RIGHT TIME?

The Council believes there is a window of opportunity for the state to institutionalize performance management concepts in state government. The Council found that the following factors may make policy-makers more receptive to adopting innovative management approaches:

- The public is demanding more transparency and accountability for government spending.

- The recession has laid bare the difficult budget decisions facing lawmakers and state managers, who can make more informed choices with better performance data.

- Departments are engaging in succession planning activities due to the pending retirement of a significant amount of the state workforce. These activities provide an opportunity to introduce an influential number of new and promoted employees to performance management and further cultivate a performance-based culture.

- Technology has made it easier to compile, visually display and translate data into useful information.

- The workforce has grown more familiar and comfortable with the vocabulary and concepts about measuring program performance, and using that information to guide decision-making.

- Court mandates and federal funding rules already require some state departments to show progress and results on their activities.

CONCLUSIONS

Performance management is an effective strategy to lay the foundation for a performance culture. The Council acknowledges the significant financial constraints facing the state as it moves forward, but it believes performance management provides an effective framework and the tools for the state to more effectively and efficiently achieve its mission. The Council encourages departments, agencies, the Governor's Office and members of the Legislature to embrace performance management as a critical tool to guide program, policy and, ultimately, budget decisions.

The following would assist the establishment of a performance culture:

1. Creating a governance structure that includes executive-level champions in each agency who promote and continually support building and sustaining a performance management system.

2. Designating performance management as a critical function in every department and agency that is integrated with strategic planning.

3. Developing a common set of terms and definitions to build consistency across departments.

4. Developing a process to determine a common set of high-level indicators and benchmarks in order to align California's performance strategies across departments.

5. Publishing on the Internet all agency and department strategic plans, key performance indicators and metrics and progression toward strategic objectives.

6. Promoting transparency by sharing and posting strategic plans and performance information in useful formats for different audiences. Information shared may vary based on audience needs; for example, program staff may require detailed information while executive staff and the public may require high-level information.

7. Allowing departments certain flexibility in how to implement performance management – various paths work. Effective performance management does not require the use of a single methodology – organizations should explore options but remain flexible. One size does not fit all.

8. Encouraging departments simply to start and to start simply. Promote the idea that technology solutions can be useful, but their absence is not an excuse for delay. Technology has made it easier to compile, visually display and translate data into useful information. However, effective performance management does **not** require the use of a single information technology solution across all departments.

9. Encouraging departments to share current IT performance management solutions.

10. Embracing performance management as part of the state's hiring and training practices. Encourage the Department of Personnel Administration and the State Personnel Board to continue to develop training strategies and materials that help build skill sets. Training content should support an executive level understanding of performance management concepts and methods for growing a performance management culture.

11. Creating a pool of expert performance managers in state government who can be tapped to contribute their expertise in other departments.

12. Supporting mechanisms to facilitate the continued sharing of best practices among state agencies.

13. Leveraging lessons learned to avoid "reinventing the wheel." Organizations can learn from each other and leverage the work done by others.

It is inevitable that programmatic, policy and budget decisions will continue to be made in a political context. Yet, by incorporating performance management strategies and tools, these value judgments do not have to be made in isolation without objective data.

The Performance Management Council encourages the state to expand the use of emerging performance management into all levels of government and to support an environment of increased accountability and transparency. Together, we can improve the way California government does business and achieves results. As a first step, the Council has included a list of resources as an attachment to this advisory report.

We know that what gets measured matters – what gets measured gets done. The Council supports a culture where departments selectively and strategically turn "data" into "information" that can be used not only to save money but to renew trust that government can work effectively and efficiently to benefit the people of California.

CONTRIBUTORS

P.K. Agarwal
Former Director, Office of Technology Services; current Chief Executive Officer, TiE Global

Louise Amegin
Performance Chief, Department of Financial Institutions

Bev Augustine
Deputy Director, Program and Consumer Services Division, Department of Consumer Affairs

Carol Avansino
Former Chief, COMPSTAT; current Parole Agent II, Reform Project, California Department of Corrections and Rehabilitation

Rich Callahan
Director, State Capital and Leadership Programs, University of Southern California

Kerry Cataline
Chief, COMPSTAT, California Department of Corrections and Rehabilitation

Chad Cockrum
Manager, Performance Management Program, Franchise Tax Board

David Corrigan, MBA
Systems of Work Specialist, Franchise Tax Board

Kristine De Young
Performance Analyst, Department of Financial Institutions; MPA Candidate, University of Southern California

Carole D'Elia
Deputy Executive Director, Little Hoover Commission

Stephanie Dougherty
Chief, Strategic Planning, Department of Motor Vehicles

Stuart Drown
Executive Director, Little Hoover Commission

Toby Ewing
Director, California Research Bureau

Tamar Foster
Research Analyst, Little Hoover Commission

Michael F. Harris
Acting Chief Deputy Director, California State Parks

Catherine Hendon
Mental Health Specialist, Office of Strategic Management, Department of Mental Health

Pierre J. Imbert
Deputy Director, Program and Organizational Performance Management, Department of Social Services

Anne Jordan
Policy and Performance Senior Analyst, Department of Financial Institutions

Grace Koch
Office Chief, Office of Strategic Planning, Policy, and Research, Department of General Services

Neal D. Kohatsu, MD, MPH
Senior Medical Advisor, Department of Health Care Services

Richard Krupp, Ph.D.
Former Assistant Secretary (retired), California Department of Corrections and Rehabilitation

CONTRIBUTORS

Maria Lopez
Chief Administrative Officer, Office of the Inspector General

Rafael Maestu
Economist, State Water Resources Control Board

Debbie Mah
Former Chief, Office of Strategic Planning and Performance Measurement (retired), California Department of Transportation

Craig Miller
Former Assistant Director, California Conservation Corps; Current President, AirLogic Consulting Group

Harriet Miller
Performance Management Coordinator, Office of Technology Services, Office of the State Chief Information Officer

Chester A. Newland
Duggan Distinguished Professor of Public Administration, University of Southern California

Aaron Robertson
Deputy Director, Administrative Services, Department of Toxic Substances Control

Brian Sala
Assistant Director, California Research Bureau

Pete Spaulding
Senior Transportation Planner, Office of Strategic Planning and Performance Measurement, Department of Transportation

Eric Stern
Project Manager, Little Hoover Commission

Joan Strohauer
Education Programs Consultant, Department of Personnel Administration

Kim Thomas
Manager, Policy Office, California State Board of Equalization

Blair Thompson
Manager, Strategic Planning Office, Department of Motor Vehicles

Jodi Traversaro
Deputy Director, HR Modernization Project, Department of Personnel Administration

Michael R. Tritz
Deputy Secretary, Audits and Performance Improvement, Business, Transportation and Housing Agency

Jason Tyburczy, MS
Research Program Specialist II, Office of Strategic Planning, Policy, and Research, Department of General Services

Denzil Verardo, Ph.D.
Special Assistant to the Director, Office of Performance Management, Department of Toxic Substances Control

Pete Williams
Retired Annuitant, Office of Technology Services, Office of the State Chief Information Officer

Marcia Yamamoto
Manager, Performance Management Branch, Department of Alcohol and Drug Programs

RESOURCES FOR PERFORMANCE MANAGEMENT

There are thousands of references on organizational performance management, including strategic planning and performance measurement. The following documents and Web sites can serve as a starting point for those agencies and individuals seeking more information.

Organizations

- Performance Management Council. Meeting summaries and materials from department presentations on performance measurement efforts are available in the performance measurement section of the California Best Practices Wiki: www.bestpractices.ca.gov.

- The IBM Center for the Business of Government. Based in Washington, D.C., the Center facilitates new approaches to improving the effectiveness of government at the federal, state and local levels. A wealth of information on performance management topics is available at www.businessofgovernment.org.

- The Public Manager, a quarterly journal affiliated with the American Society for Training & Development and other public administration associations: www.thepublicmanager.org/index.aspx.

Reference Material

- *California State Performance Management Handbook.* Initially created in 2004, and later updated and published as a *Strategic Planning and Performance Measurement Staff Training Handbook* by the Department of Toxic Substances Control in 2009, the handbook is a detailed guide on producing a strategic plan and developing performance measures and includes appended worksheets. The handbook is available in the performance measurement section of the California Best Practices Wiki: www.bestpractices.ca.gov.

- Challenging the Performance Movement: Accountability, Complexity, And Democratic Values by Beryl Radin. Georgetown University Press, 2006. ISBN: 978-1-58901-091-8.

- Measuring up 2.0: Governing's New Improved Guide to Performance Measurement for Geniuses (and Other Public Managers) by Jonathan Walters. Governing Books, 2007. ISBN: 0-87289-575-0.

- Performance Measurement: Getting Results (2nd edition) by Harry P. Hatry. The Urban Institute Press, 2006. ISBN: 0-87766-734-9.

- We Don't Make Widgets: Overcoming the Myths That Keep Government from Radically Improving by Ken Miller. Governing Books, 2006. ISBN: 0-87289-480-0.

THIS PAGE INTENTIONALLY LEFT BLANK

DEPARTMENT OF TOXIC SUBSTANCES CONTROL

The Department of Toxic Substances Control (DTSC) works to provide the highest level of safety, and to protect public health and the environment from toxic harm.

Located within the California Environmental Protection Agency, the department is responsible for brownfields and environmental restoration through the cleaning up of existing contamination; enforcement and emergency response services through the regulation of hazardous waste, investigating cases, and responding to spills of toxic materials; and pollution prevention by working with businesses to reduce their hazardous waste and toxic materials use. DTSC also is a leader in identifying potential new pollutants that may harm the public or the environment.

The department operates with a 1,000-member workforce made up primarily of hazardous substances scientists, toxicologists, industrial hygienists, hazardous substances engineers, criminal investigators and the staff that support them. These staff report to two primary locations in Sacramento, as well as smaller offices in El Centro, San Diego, Chatsworth, Cypress, Clovis, and laboratories in Berkeley and Los Angeles.

Performance Management Program

DTSC's performance management program began in 2007 and combines the management concepts of strategic planning and performance measurement, based on the guidelines, handbook and training modules set up by the California Performance Review and approved by the Governor's Office.

Originally run as a stand-alone program, it is now fully integrated throughout the organization. Both strategic planning and performance measurement are team based efforts with new initiatives and updates prepared by the teams. The program is at a high level of maturity through the regular use and reporting of both strategic plan initiatives and performance measurement data. The analysis of information through graphical display, and the setting of meaningful statistical targets, however, are two areas still in an early phase of implementation.

Building Internal Support

Recognizing the essential need to develop and support internal capability and capacity, DTSC staff subject matter experts provided extensive performance management, strategic planning and performance measurement training to managers and supervisors, and overview training to all staff. The executive team met and confirmed the department's mission statement and developed a vision statement. They also identified the core and shared services programs to be used for the performance measurement process. Core programs represent the distinct business functions which emanate from the agency's mission – brownfields and environmental restoration, pollution prevention, and enforcement and emergency response. Shared services programs are the distinct business functions which support core programs and/or their delivery to the customer.

Strong and consistent leadership commitment to performance measurement development led staff throughout the department to participate in identifying appropriate measures for the DTSC programs; these measures were then adopted by the full executive staff. Since the initial measure selection, modifications and improvements were made to ensure accurate collection and reporting of performance information. Almost all of the department's staff has been involved with developing measures at some point in the process – this involvement helped gain internal staff support.

Program performance agreements between the deputy directors and program management staff ensure that measures are monitored and reported within the required timeframes. The agreements, which are focused on organizational performance rather than personal performance, are reviewed on an annual basis.

One challenge has been helping middle managers distinguish between outputs and outcomes, in other words, thinking about how effective the department is in accomplishing its mission. Currently, there are few incentives for middle managers to change the way they operate and move towards an outcomes-based system. To begin to change the department's culture toward performance, "branch chiefs" are now called "performance managers." Another challenge comes in the form of skepticism from those populating the data that the data will not be used in a punitive way.

Choosing Measures

DTSC's performance management system consists of two major areas of focus: 1) a strategic plan consisting of goals, objectives and strategies based on the vision of the department, and 2) a performance measurement system based on the department's mission. The performance measurement system includes the core and shared services programs within DTSC, and the outcomes and measures for those programs which are utilized at multiple levels throughout the organization. These two focus areas are what the department wants to do and what the

department must do. Senior staff and managers, then, are responsible for managing the gap between these two areas using an executive dashboard to monitor and manage the department's work.

Data is collected through direct postings to "EnviroStor," an off-site data base of DTSC information. That data is aggregated with Microsoft Excel and Access. A cross-program performance measure utilization team also reviews and critiques presentations to ensure the information is displayed and used correctly. To help automate future reports, the department is focused on collecting current data, rather than building in historical information to the database.

The department also assembled an external review panel to provide feedback on selected measurement information and strategic plan initiatives. The external review panel is composed of representatives from academia, stakeholder groups and other departments. This group reviews a set of measures each quarter and asks critical questions about the department's progress. This external review also helps the department create external accountability and ensure that the information it displays on its Web site is relevant and makes sense to the public.

Reporting and Sharing Data

Deputy directors report executive dashboard performance measure information to the director's office on a weekly basis, and program staff present on selected measures at executive staff meetings. Currently, about 50 percent of executive staff meetings involve a review of measures – the department is working towards a goal of 100 percent. In 2010, "EcoTracker" will display pertinent information based on the department's performance measures on the Internet.

One of the challenges has been in choosing how to display the data. Rather than just displaying information in bar charts, DTSC is looking for alternative visuals that are audience specific to show what they are trying to accomplish. For example, the Web site has drill down capability that makes a range of information available to the public, from summary charts down to the "EnviroStor" database. Adding in fiscal data is a long-term goal, so that management can make proactive policy and budgetary decisions based on performance information.

Results

DTSC's performance management system has led to increased accountability, transparency, and an "outcome focus" by staff. Decisions based on real-time data analysis have lead to more

efficient and effective internal operations. As the measurement system matures, the department will have increased ability to prove its value to the public with the intent to be transparent, responsible and accountable for the long term.

Moving Forward

DTSC capitalized on internal resources, including staff expertise, to build its system. Department leaders emphasize the importance of having an internally developed performance management process to ensure sustainability.

Internal Structure

The office of performance management reports to the chief deputy director and manages and coordinates two cross functional, multi-disciplinary teams – the strategic planning team and the performance measurement utilization team. The office, which is located in the director's office, is staffed by two half-time retired annuitants.

For Additional Information
Denzil Verardo, Ph.D. Special Assistant to the Director Department of Toxic Substances Control (916) 955-7242 dverardo@dtsc.ca.gov

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION

The California Department of Corrections and Rehabilitation (CDCR) works to enhance public safety through safe and secure incarceration of offenders, effective parole supervision and rehabilitative strategies to successfully reintegrate offenders into our communities.

With approximately 66,000 employees in approximately 193 locations around the state, including adult and juvenile facilities, community correctional facilities and parole regions, the department's key functions are: institution/facility management and safety oversight; crime prevention, rehabilitation, programming, and safety; rehabilitation and reentry; health care delivery; facility management; organizational effectiveness; technology; workforce excellence; and, risk management.

Performance Management Program

Initiated in April 2006 by top agency staff, CDCR's COMPSTAT program was designed to incorporate data from across the agency into one automated data management system. The office's work is directly tied to the agency's strategic planning goals related to improving organizational effectiveness.

COMPSTAT is short for comparative statistics, based on a model created by the New York City Police Department's accountability program. COMPSTAT tracks operational performance, communication and accountability of each of the CDCR programmatic offices to determine increases or decreases in performance in the areas of safety, security, programs, finance and operations. The COMPSTAT process permits enhanced information sharing for management oversight and the common sense logic of the COMPSTAT process provides a statistical analysis of key indicators.

Currently COMPSTAT has incorporated into its processes 33 adult institutions, six juvenile facilities, adult and juvenile parole, CDCR headquarters' executive level divisions and Juvenile Justice administration and adult programs. Current projects include the addition of six additional executive level divisions and the incorporation of the Office of Court Compliance lawsuits into the COMPSTAT reporting structure.

Building Internal Support

Winning management support early in the process was important for COMPSTAT. The COMPSTAT team emphasized that their data collection system would use existing data rather than create another process or layer. The team reached out to every office on the agency organization chart, and the office works to update new agency executives to ensure continued support. The office posts training reference guides, data sources and data collection methodology on the COMPSTAT portal. The office credits the 100 percent compliance rate to publishing this information in an accessible, transparent manner.

COMPSTAT leveraged existing technology investments in Microsoft Enterprise SharePoint and a $100,000 equipment purchase to build its automated data system. Because many users were already familiar with the Microsoft software, CDCR employees have found the system easy to use and understand.

Choosing Measures

COMPSTAT focuses on measuring the progress of day-to-day operations, while the agency's Office of Research separately evaluates how the agency is meeting its larger, strategic goals.

The COMPSTAT program collects 20,000 pieces of existing operational data for each institution, every month. The data comes into the COMPSTAT system through 15 separate systems in a variety of formats. Users played a key role in determining when, how, and what data would go into the COMPSTAT system.

Reporting and Sharing Data

COMPSTAT's performance reviews make up the bulk of the office's work. The office creates reports for each institution, which are then reviewed with managers on site and used to drive questions about performance and inform management decisions. The data is used to identify day-to-day problems as well as emerging trends. Action items derived from the review sessions are tracked on the COMPSTAT portal.

Results

In addition to the immediate problem-solving that has resulted from review sessions, the system has introduced a level of competition among the wardens, where institutions compete to achieve the best program performance; the data also is used to examine data trends, compare institutions and share ideas of how to address common management problems across institutions.

The success of the program represents a new openness for the agency, and a cultural shift. Instead of waiting for stakeholders or managers to ask for information, the information is readily available.

Moving Forward

COMPSTAT meetings are open for anyone to participate, which has helped establish credibility for the process. COMPSTAT team also reached out to key external partners, such as the Office of the Inspector General, the prison's health care receiver and the Senate Office of Research, who would benefit from the data. By reaching out to external partners, the office is creating an outside audience as well as the expectation that it will continue its efforts.

Internal Structure

Initially housed in the Office of Strategic Planning, COMPSTAT operates under the Office of Audits and Compliance. The office is divided into two units, business intelligence and operations, staffed by 11 people.

For Additional Information
Michael K. Brady Acting Assistant Secretary California Department of Corrections and Rehabilitation (916) 255-2906 michael.k.brady@cdcr.ca.gov

DEPARTMENT OF CONSUMER AFFAIRS

The Department of Consumer Affairs (DCA) works to protect and serve the interests of California consumers. With 2,900 employees located primarily in Sacramento as well as field offices throughout the state, the department focuses on three key services: licensing, enforcement and consumer education.

The Department of Consumer Affairs is comprised of more than 37 regulatory boards and bureaus that license and regulate more than 2 million professionals, from doctors to auto repair technicians and cosmetologists. Each of these boards has its own semi-independent oversight board. The department enforces consumer protection laws in partnership with the Attorney General and local district attorneys' offices.

Performance Management Program

The department mandated a new enforcement initiative in 2009, following news stories about the length of time to close a case about negligent nursing care. The department's performance measures, launched in July 2010, are designed to measure progress of the department's enforcement process.

The performance management program is part of the strategic organization, leadership, and individual development (SOLID) program.

The department was a participant in the state's 1990s performance-based budgeting pilot and was able to build from that experience. Many of the department's output measures are the same as they were in the pilot because the department's processes are still the same.

Building Internal Support

The SOLID unit received strong backing from the department's executive office and it provides regular updates to deputies at quarterly meetings. The SOLID unit also focuses on regularly communicating with leadership and line staff. The unit holds bi-monthly executive leadership forums and regularly sends out memos and papers informing managers of their progress; in addition, it meets twice a month with line staff and middle managers and once a month with an IT code users group.

The department developed its performance strategy with a group of 20 employees from various boards, bureaus and programs and includes experts in enforcement, licensing and the department's information system. The department found it essential to partner with the information technology staff –

the "keepers of the code" – because of the complexity of the department's information system.

Some boards and bureaus, however, are still reluctant to move toward a performance measurement system, expressing concern about a "one-size-fits all" approach. To mitigate some of these concerns, the SOLID unit has held department-wide training sessions on the new codes and will rely on the annual report as a tool to create peer-pressure to turn around late-adopters, who, by virtue of their quasi-independent status, are not required to participate.

Choosing Measures and Collecting Data

The department began its effort by refocusing its current data collection and reporting activities to be more customer and consumer centric. The department annual report, for example, includes 20-30 pages of data and is created using the department's 30-year-old legacy system. It uses approximately 2,000 codes for how people report on investigations, with a great deal of variance of meaning among the boards' regulatory agencies.

In developing the measures for the performance initiative, the SOLID unit emphasized the importance of uniformity and consistent terminology by identifying the macro steps of the enforcement process and creating a standard set of terms for all of the 37 boards to use. The department's performance measures include volume, cycle time, efficiency and customer services.

The targeted outcome would be a reduction in the number of consumer complaints and a safer marketplace. The department has discussed developing a stronger market-safety indicator based on its enforcement data, but some problems outside of the department's control remain, such as a lack of reporting in non-English speaking communities that tend to use unlicensed medical care. The measures only reflect the incoming complaints, and do not capture challenges with licensing, although the department is engaged in several outreach efforts to ethnic communities.

Reporting and Sharing Data

DCA will issue quarterly reports, beginning in October 2010, using the Balanced Scorecard method. The department will differentiate between cases that proceed to formal discipline, and cases that largely fall beyond the department's control.

Results

The department has extensive plans to move forward with implementation in 2010. Between January and June it will develop and modify its information system; between April and June, it will conduct employee training on the new information system. It will standardize codes in July and issue its first quarterly report to all stakeholders in October 2010, which will be made available to the public on the Web.

Moving Forward

The department is working to build support by showing the value of the tracking system to its customers and stakeholders. Internally, the department is meeting with staff to build more understanding and input at all levels of the organization. A key driver to long-term sustainability has been streamlining the IT code, used for taking complaints, which has made data-tracking less complex for IT workers and other staff.

Internal Structure

The Strategic Organization Leadership and Individual Development (SOLID) unit operates out of the Department of Consumer Affairs' executive office and is comprised of a deputy director and five staff, including two analysts, two administrative assistants and one student assistant, all of whom report to the deputy director. The unit has job mentoring and rotation programs and its deputy director is a member of the department's executive staff.

For Additional Information
Bev Augustine Deputy Director, Strategic Planning and Organizational Development Department of Consumer Affairs (916) 574-8203 bev_augustine@dca.ca.gov

DEPARTMENT OF TRANSPORTATION

With approximately 21,000 employees, headquartered in Sacramento and 12 districts across California, the California Department of Transportation (Caltrans) works to improve mobility across the state.:

Caltrans is responsible for more than 15,000 miles of highways and freeways, provides rail passenger services under contract with Amtrak and provides technical assistance and loans to more than 100 of California's general aviation airports. Caltrans also administers a substantial local assistance program for cities, counties and transit operators.

Key functions include maintaining an aging, multimodal transportation system, meeting the transportation needs of a population that is increasing by over 600,000 each year, and is projected to double by the year 2040; providing a transportation system that efficiently moves goods and people to maintain and strengthen economic vitality, protecting the environment, and securing the safety of the public when using the state's transportation facilities.

Performance Management Program

To better manage its 13 departments, the Business, Transportation and Housing Agency introduced a performance improvement initiative in December 2003. The agency initiative pushed Caltrans to revise an outdated strategic plan and bring together a team of public and private sector transportation interests and stakeholders to develop a set of transportation system performance outcomes/measures. The team built on previous efforts of the department and metropolitan planning organizations, including the Southern California Association of Governments and the Metropolitan Transportation Commission.

Since 2005, Caltrans has been reporting a select set of performance measures to the Business, Transportation and Housing Agency on a quarterly basis. The reports submitted include the "vital few" performance measures that Caltrans has identified which reflect the goals and objectives in Caltrans' 2007-2012 Strategic Plan.

Building Internal Support

Caltrans used the strategic planning process to engage all department employees in the use of performance measures. Sponsored by the department director, the performance office used a bottom-up approach to survey all employees on the department's values, goals and strategies, and used their feedback to help craft final versions of the department's goals, values, objectives and strategies. Employee feedback on the strategic plan helped make the strategic plan's language more understandable. The performance office team printed and distributed small business-sized cards to all employees enumerating the department's mission, vision, values and strategic planning goals. In follow-up employee surveys, the performance office team found that more than 80 percent of staff were both familiar with, and felt that their work tied to the department's mission and vision statement.

In addition to working with internal staff at all levels, Caltrans has reached out to key external stakeholders – such as cities, counties, regional agencies and representatives for various modes of transportation – to try to build outcome-oriented measures.

Choosing Measures and Collecting Data

Currently, Caltrans collects data on almost 60 performance measures. In selecting what to measure, Caltrans staff tried to use data that was already collected – making the performance report not only an additional repository for the data, but also a source to show data across all department programs. The Office of Strategic Planning and Performance Measurement still is determining which are the key measures; which, if any, are essential and which could be refined, merged or eliminated; and which are being used by managers to drive business and management decisions. The department is still refining how the data will be used, the process for collecting it and defining who the audience is.

The Office of Strategic Planning and Performance Measurement has observed that some employees feel the data collection process is burdensome. Other employees were wary that the data will be used punitively. To quell some of these fears, the performance office staff have made efforts to explain through formal meetings how the data can be used in a positive way, for example, to help managers show their needs and to explain discrepancies between goals and outcomes.

Some department staff also have expressed concerns that reporting different measures to different audiences, such as the federal government, has been burdensome. To help remedy this situation, the department is engaged in ongoing communication with federal agencies to increase overlap and better align measures reported for internal use and measures reported to the federal government.

Other challenges include concern about the accuracy of data because of the diversity of sources and delivery methods, such as through e-mail, in Excel spreadsheets or other forms.

The Business, Transportation and Housing Agency views a department's potential need to revise performance measures as part of the learning process.

Reporting and Sharing Data

Caltrans produces a quarterly performance report and posts all performance materials online. Staff in the Office of Strategic Planning and Performance Measurement send an email to all director-level staff, but does not yet hold formalized meetings to review the department's performance measures.

Results

Internally, Caltrans managers use performance data in the strategic plan and in performance contracts with deputy and district directors. Separately, the department director initiated a performance contract system with deputy directors and district directors. The results of these contracts are built into each manager's annual performance review. Deputies and district directors are held accountable, respectively, for reaching programmatic goals or achieving deliverables on-time and within budget. For example, to help district managers meet their project delivery goals, the department holds monthly video conference meetings with the district directors and program directors in Sacramento. These video conferences allow all players to discuss project delivery targets, objectives and goals and know who is responsible for what. For the two years that the delivery contracts have been in place, all delivery goals have been met.

The department ultimately would like managers to incorporate the use of performance data as a tool for regular budgetary and management decisions as well as for organizational improvement. The Business, Transportation and Housing Agency requires its departments to produce quarterly performance reports and encourages departments to use the data to justify needs in budget change proposals. Occasionally, legislative budget subcommittees have requested information from the performance reports. Currently, Caltrans makes its quarterly performance report available on its Web site. However, the department has identified a tension between serving management needs, with management-focused data, and serving public information needs, with data that shows how the department is

functioning. The department has requested feedback to help it determine what data might best meet management needs and what other data might better serve the public's need.

Internal Structure

The Office of Strategic Planning and Performance Measurement includes five staff members: a chief, a staff member responsible for updating the strategic and operational plans, a staff member responsible for coordinating all of the performance reporting, a staff member responsible for conducting and analyzing employee and external surveys, and a analyst who provides staff support.

The office relied on consultants to help with major projects, such as developing the department's strategic plan. Housed in the Director's Office, the performance team reports to the chief of staff. The performance team credits the connection to the director's office with improving the effectiveness and visibility of the department's performance initiative and helping the office get attention when needed.

| For Additional Information |
| --- |
| Coco Briseno
Chief, Division of Transportation System Information
California Department of Transportation
(916) 654-6228
coco_briseno@dot.ca.gov |

FRANCHISE TAX BOARD

The Franchise Tax Board is responsible for managing the state's personal income and corporation tax programs and for administering other non-tax programs and debt collections. The department has more than 5,000 employees in offices throughout California and in other states and serves more than 16 million customers annually. Key functions include administration of personal income tax and corporation tax as well as collection programs for non-tax debts.

Performance Management Program

Although FTB has engaged in strategic planning for several years, in 2008 executive management began discussing in detail new approaches to improving the department's performance and examining how all of the department's processes interact. Developing a conceptual framework for the effort required an examination of FTB's purpose and asking, who is the customer? After examining the department's processes and products, FTB determined that individual taxpayers who complete FTB forms and write the check when the tax is due are the primary customers.

Through this engagement, the department built a color-coded business model around the core conditions of the customer as they interact with the tax system in order to define the key processes and products used to address their condition.
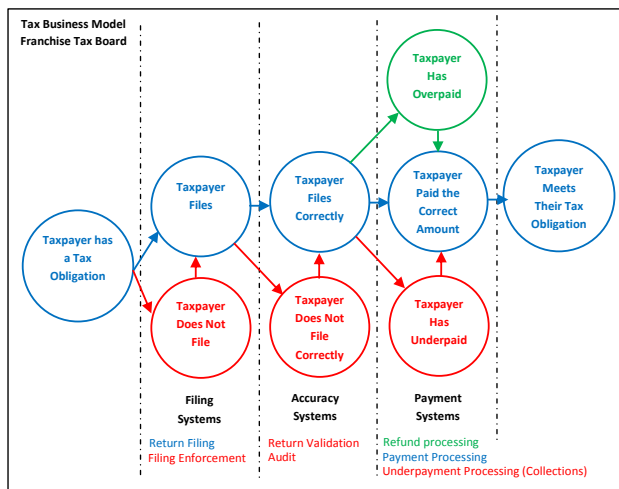
This model represents the core focus of FTB at the macro level – to help the taxpayer meet their tax obligation by filing, filing accurately and paying the correct amount due. A closed tax year is produced when this is achieved; resulting in the department's desired results of maximizing revenue and compliance. Just as importantly, the model further distinguishes between the relative high return on investment of the "blue path" vs. the relative high cost/low return on investment of the "red path."

The "blue path" represents the fast, easy and inexpensive method of closing a tax year. The "red path" represents a slower, more expensive and intrusive route, involving late filers, audits, and collections. The simple model led to a new vocabulary at FTB where discussions and plans started focusing on moving more customers onto the "blue path."

Building Internal Support

When the effort initially began it became evident that to make performance management a part of the culture it would take years to achieve rather than months. As a result, a time frame for completion became less important. What became the focus was to build internal support by increasing the awareness and engagement throughout the department.

Additionally, the method of choosing performance measures was a critical part of building early support. Measures were connected to the department's strategic goals, focusing on productivity, cost and results. The goal was to build a process traceable from "the top to the desk" – staff became more engaged when they knew how their part fit into the big picture.

The ideas – and risks – of this effort were accepted very quickly by some and through continued education and discussions, the ideas are now embraced throughout the enterprise.

Choosing Measures

The department previously collected information on its performance, but much of the data focused on three outputs: 1) the amount of money collected annually, a fluctuating number depending on the economic climate; 2) the number of tax returns processed; and, 3) the department's level of phone accessibility, measured by the number of people who called in to use the department's services.

The new performance framework was built around the "red path/blue path" model and the seven key processes involved in helping the taxpayer meet their obligation, rather than an organizational structure that separated tasks into divisions. This resulted in cross-divisional teams working together toward a common goal. Engaging staff on the development of performance measures helped break down silos within the department. The process helped staff better understand how each task fit into the bigger picture and see a common purpose.

The department always has collected troves of data, but has narrowed its macro level performance measures to six:

- Number of tax years closed
- Average number of days to close a tax year
- Average cost per tax year closed
- Percentage of taxpayers meeting their tax obligation (by filing, filling accurately, and paying the correct amount)
- Percent of dollars collected to total dollars available
- Percentage of taxpayers satisfied with the products and services.

These measures are reflective of the core focus of FTB, and they provide a foundation for performance-based budgeting because they provide data showing that FTB produced "X" number of product in "Y" amount of time, at a cost of "$Z" per unit, yielding specific results.

FTB also did not invest money to build a data infrastructure. The department relied on the expertise of internal IT staff, who were supportive of the effort. They built a database using an SQL server, and made it widely accessible through the use of Excel PivotTables. The database is structured to allow for deeper analysis of factors affecting the measures.

Reporting and Sharing Data

FTB's internal Web site includes performance information, which is accessible to all staff. The data is displayed in a static dashboard-like information sheet which is updated each month. The department's Governance Council also receives quarterly reports on the data. The department has soft plans to share this data internally in a more dynamic form that includes a narrative to each data point about what happened and how the department responded.

Results

The framework is now used in the department's planning conversations, and existing data is beginning to drive some decision-making and improvements. For example, in an effort to reduce the average number of days it takes to close a tax year, FTB's audit and legal staff began working together on cases, rather than working the cases in a serial fashion.

Language around the "red path/ blue path" model is becoming part of the department's culture and is used in Feasibility Study Reports, Budget Change Proposals and other departmental publications in an effort to clearly articulate the work the department does and why.

Moving Forward

Staff is trying to promote the performance management program so that it grows organically, without much pushing. The department expects the program to mature over time to the point that it integrated into daily activities.

To help institutionalize the performance management culture, staff schedule out future review meetings with the department's executive officer and division chiefs to keep the effort moving forward and help build it into the department's day-to-day processes. Efforts are also being made to continue educating and informing staff of the importance of performance management and how it impacts them.

Additionally, efforts are underway to solidify the program and ensure maximum effectiveness by establishing a formal governance structure to support the key elements of performance management.

Internal Structure

FTB's performance management efforts operate in a virtual organizational structure. Since the outset of this effort, and as they continue to move forward, the FTB executive management team is efficiently and effectively leveraging resources throughout the department in order to maximize the benefits of the program while remaining cognizant of the difficult budgetary times. The effort relies on staff throughout the department to conduct planning, establish performance targets, query data systems, track and analyze performance measures, and conduct the necessary improvement projects. The program manager reports to FTB's chief information officer as the program sponsor.

A key benefit to this virtual structure is that it fosters confidence in the process because staff is involved in all aspects of its creation. However, decentralization of the program increases the time to accomplish tasks, communication takes longer and priorities are not always focused or synchronized.

For Additional Information
Chad Cockrum   Manager, Performance Management Program   Franchise Tax Board   (916) 845-3772   chad.cockrum@ftb.ca.gov

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

The Business, Transportation and Housing Agency (BTH or Agency) includes 14 departments and several economic development programs and commissions consisting of more than 44,000 employees and a budget of approximately $20 billion, which is a budget larger than most states' in the nation. The Agency's portfolio is one of the largest and most diverse in the State of California. Its operations address myriad issues that directly impact the state's economic vitality and quality of life, including transportation, public safety, affordable housing, international trade, financial services, tourism, and managed health care.

This case study describes BTH's experience of building a performance management culture across departments within the Agency.

Performance Improvement Initiative

In December 2003, BTH then-Secretary Sunne Wright McPeak launched the Performance Improvement Initiative to ensure clarity of focus on program outcomes and efficiency of operations. The Performance Improvement Initiative was considered to be an Agency-unique effort aligned with Governor Arnold Schwarzenegger's California Performance Review. Two of the initial overarching goals for BTH were to:

- Transition all departments to performance-based management to achieve optimal cost-effectiveness and assure citizens and taxpayers of California and customers of all departments they are getting a "high rate of return" on their investment of tax dollars and fees.

- Manage in a business-like, customer-friendly manner that is clear, transparent and accountable to the public.

Phase I

During Phase I of the Performance Improvement Initiative, BTH established blue-ribbon, advisory Expert Review Panels of more than 50 volunteer business and academic executives from a wide variety of disciplines. In brief, the panels:

- Reviewed department missions, products and outcomes, performance metrics, benchmarks, and best practices.

- Held public meetings to obtain input of stakeholders and representatives of regulated communities.

- Developed recommendations, and shared a report with the California Performance Review and the Governor's Office.

Phase II

During Phase II of the Performance Improvement Initiative, BTH departments:

- Developed program-level action plans for core programs, identifying:

    – Strategic goals

    – Strategic objectives

    – Strategies

    – Relevant performance measures

    – Action plan steps, including persons responsible, timeframes, resources required, and completion dates.

- Presented the program-level action plans to the Expert Review Panels for review.

Also during Phase II, the Agency:

- Developed a template for departments to use in regular reports to the BTH Secretary on critical performance measures that provide a snapshot of relative department performance.

- Researched appropriate software applications and systems for performance-based management needs.

- Established the BTH Performance Improvement Council (PIC) as a functional body composed of department representatives who are responsible for performance improvement within their respective organizations. The PIC effectively assists in the implementation of various Agency-wide, performance-improvement efforts, and ensures that all departments have the opportunity to provide input on matters affecting them. Further, the PIC serves as a forum for sharing best practices and resolving common issues, and works toward a more uniform approach, including cultural transition, to performance-based management among the departments.

Phase III

During Phase III of the Performance Improvement Initiative, BTH continued working with the Expert Review Panels in transitioning all departments to performance-based management. Additionally, the Agency continued to instill a performance-driven culture throughout the departments. A major component of supporting that goal was a May 2006 training seminar for all department directors and their

executive management teams. The result of that fundamental training regarding performance-based management was to ensure that all participants shared at least the same basic understanding of relevant concepts and nomenclature, to clearly communicate the expectations for the deliverables that BTH requests, and to foster the cascading of this information within the constituent departments. Critical elements of the course included:

- Strategic planning and performance measurement (in the context of performance-based management), and the relationship between the two.

- The relationship among strategic planning components and their relationship to program-level action plans.

- The importance of focusing on outcomes and action plans.

Current Activity

BTH's current Secretary, Dale E. Bonner, continues to support performance improvement efforts. Beginning in 2007, Secretary Bonner focused on the development of a comprehensive Economic Development Work Plan (Plan) to create and sustain an environment supportive of California's businesses, entrepreneurs and workers. The initial version of the Plan identified 50 priority actions to ensure the Agency-wide operational integration of efforts to achieve the Plan's top 10 objectives during calendar years 2008 through 2010. In sync with BTH's performance management culture, metrics were developed in BTH and its departments, progress is regularly reported, and adjustments are made to the Plan and priority actions as needed based on performance information.

Additionally, Performance Improvement Initiative specific activities continue. The Performance Improvement Council continues to evolve and enhance its value to furthering the transition of constituent departments to performance-based management. Further, although the current state budget crisis has presented some challenges, BTH and departments continue to focus on the development of the BTH Performance-Based

Management System by exploring options for having performance data, both within and among departments, be

accessed by an appropriate Business Intelligence software application that has the capacity to allow departments to more efficiently and effectively:

- Manage operations and make decisions based on department performance using sophisticated techniques for data analysis.

- Regularly provide departmental management and the BTH Secretary automated management reports on critical performance measures that indicate the relative performance of each organization.

For Additional Information
Michael R. Tritz Deputy Secretary, Audits and Performance Improvement Business, Transportation and Housing Agency (916) 324-7517 michael.tritz@bth.ca.gov

STATE WATER RESOURCES CONTROL BOARD & REGIONAL WATER QUALITY CONTROL BOARDS

The State Water Resources Control Board and the nine Regional Water Quality Control Boards are California's regulatory agencies responsible for ensuring that the quality of the state's rivers, streams, lakes, wetlands, ocean and groundwater is protected. To protect our water resources, the Water Boards:

- Set water quality standards in plans and policies;

- Monitor and assess the state's waters;

- Regulate identified pollutant sources; and

- Enforce compliance with regulatory requirements.

The State Water Board establishes statewide policy, provides funding for water quality protection activities, allocates surface water rights and reviews petitions that contest Regional Water Board actions.

While the State Water Board develops statewide policy and regulations for water quality control, the nine Regional Water Boards provide local implementation of statewide policy and regulations, set water quality standards and implementation provisions in plans and policies, issue waste discharge permits, determine compliance with permit requirements and take enforcement actions against violators.

The Regional Water Boards' boundaries are based on watersheds so that their water quality decisions and actions appropriately recognize local differences in climate, topography, geology, and hydrology.

Approximately half of the 1,600 Water Board employees work at the State Water Board and half are distributed among the 9 Regional Water Boards. An annual budget of $748 million regulates more than 29,000 facilities discharging pollutants statewide, controls the cleanup of more than 15,000 contaminated sites, administers loans and grants for water quality protection projects, allocates a system of water rights to more than 35,000 water right holders and takes more than 1,500 enforcement actions annually.

Performance Management Program

In January 2006, the Office of Research, Planning and Performance at the State Water Board was created to ensure that the Water Boards become a performance-based organization that delivers results and is able to demonstrate actual measurable improvements in compliance, water quality and protection of beneficial uses. Planning and reporting were not new to the Water Boards. The Office initiated the use of performance-based elements to define performance measures, indicators and expected results.

The Office of Research, Planning and Performance developed a workplan for the Water Boards to set clear priorities, develop measurable targets and ensure accountability. The Performance Strategy Workplan focused on three main elements: updating the strategic plan, developing performance management systems, and developing a report card that measures the outcomes and results of our efforts.

Building Internal Support

In 2007, the Office of Research, Planning and Performance trained a group of managers and supervisors to develop performance-based plans based on experience gained from 3-5 pilot projects. It was clear from these initial efforts that developing a results-based management and accountability system would require a significant investment of staff and resources and most importantly, it would require organizational cultural change.

The 2008-2012 Strategic Plan was adopted on September 2, 2008. This plan reflected the increasing complexity in the Water Boards' water quality and water rights programs, while recognizing that personnel and funding continued to be constrained. Goal 5 of the Strategic Plan established that the Water Boards will improve transparency and accountability by ensuring that the organization's goals and actions are clear and accessible; by demonstrating and explaining results achieved; and by enhancing and improving accessibility to data and information. The plan created the expectation for today's Annual Performance Report.

Choosing Measures and Collecting Data

Enforcement and compliance were the first area in which metrics and measures were developed and used to produce public reports and evaluate results.

During this process, significant effort was dedicated to developing and improving the information systems and databases needed to track data and information. The California Integrated Water Quality System (CIWQS) was deployed in July 2005 to manage data from programs that regulate discharges to surface and groundwater. Systems to monitor and track groundwater monitoring information, GEOTRACKER, and water rights, Electronic Water Rights Information Management

System (eWRIMS), were also used to develop performance measures and collect data.

The Office of Research, Planning and Performance worked in collaboration with the State and Regional Water Board program managers to select appropriate and relevant measures to portray resources available (Inputs), products produced (Outputs) and improvements in the environment or compliance rates (Outcomes). Many of the measures were chosen based on data availability and the ability to measure trends over time.

The selected measures were intended to be useful for internal management decisions as well for effectively communicating the work and accomplishments of the Water Boards.

Reporting and Sharing Data

Development of the Water Boards' performance-based management reporting system included two main components. First is the web-based report titled "My Water Quality." This report is focused on outcome measures and provides information about the conditions of water quality and its beneficial uses. Second is the Annual Performance Report that provides information about the resources available and outputs produced.

The Annual Performance report is organized based on the principal functions performed by the Water Boards, which are:

| Plan and Assess | Regulate | Clean Up |
| Enforce | Fund | Allocate |

The first FY 2008-09 Annual Performance Report was released on September 3, 2009 and included 39 measure cards. The second FY 2009-10 Annual Performance Report, with 69 measure cards, includes information on resources, targets and progress towards meeting the targets in each program and region.

Results

Effective managers need timely and accurate data and information to track and evaluate the effectiveness of the work being conducted. The first direct result of the performance management effort has been improvement in the quality and quantity of data and information available for decision-making. Data from the databases is now used to support decisions and to evaluate results. The Water Boards are more transparent and accountable and the public can now better understand the mission and accomplishments of the Water Boards.

Moving Forward

The Water Boards are now tracking, reporting information and using the key measures to establish priorities and measure results. Internal performance reports will be updated quarterly and progress against targets will be measured regularly.

Sustainability

Although the current performance reports are heavily dependent on manual collection and manipulation of the data, the Office of Research, Planning and Performance is developing report systems that would rely on information systems to report the information.

For Additional Information
Rafael Maestu Office of Research, Planning and Performance State Water Resources Control Board (916) 341-5894 rmaestu@waterboards.ca.gov